

**House Bill 4337 – Testimony from Representative Rick Shaffer:**

**Mr. Chairman, members of the Committee, thank you very much for allowing me this opportunity to explain HB 4337.**

As a member of Governor Granholm's long term care task force, I have heard an immense amount of data relating to the cost to the public purse of long term care services in Michigan.

For instance, Michigan spends 25 percent of its long term care budget on community based services and nearly 75 per cent of its long term care budget on high-cost, high-growth rate, nursing home institutional services.

The average daily cost for nursing home care is \$157, and can be much higher according to needs, and even though Medicaid does not reimburse at this high rate their average reimbursement rate is around \$120 a day.

We must begin to look for alternatives in meeting the individual medical health care needs for our senior citizens. For some families it may be as simple as some health care assistance a few times each week; for others skilled nursing care services often become necessary as the aging process brings with it debilitating medical complications. I applaud many families for their ability to often oversight a loved one's care, either in their home or that of a senior, at often, considerable personal expense of their time and personal resources. We also recognize their savings to the state Medicaid program.

As a typical Michigan example, to enter a nursing home a person must qualify under a medical assessment which analyzes their activities of daily living needs. How much can that person do on their own; cook, bathe, visit the toilet, walk etc.? In many cases, with some assistance in their own home, they could avoid becoming an institutional statistic.

Families can play a great role in helping elderly relatives to remain independent, but often at a cost; which many times takes a toll on the family care giver in terms of physical, emotional and personal expense.

I believe that it is time that we recognized the contribution that these families play in allowing the state to avoid or delay the cost of institutionalized care; this bill allows for a tax exemption for those caregivers who oversight and provide the care of a senior and thereby save the state from institutional costs. It is a first step, and a most important one, if we are to implant into the public's mind the need for their involvement in caring for their family members. Without question, there is a need to create incentives that will encourage families to be involved in the supportive care of their senior family members.

The 'baby boomer generation will certainly increase the need for long term care and senior support services: additionally, federal support dollars will remain tight. We must look for ways to provide incentives for families that support their parents enabling them to stay in their own homes. This bill is a positive start in that direction.

I offer this analogy. We are all keenly aware that the deduction dollars that are received for our children do not support their total care. Likewise, the support dollars that will be provided to children who care for their parents, under this legislation, will not support their total care, but will undoubtedly go back into the totality of their overall care.

In brief, the mechanics of this bill are to provide an \$1800 tax deduction to once care giving child that provides supportive care to their parent, who is over age 65 years and eligible for Medicaid benefits. (The monitoring process is currently in place as a DHS function of the Medicaid Waiver Program, but could be moved to become a part of the Single Point of Entry advisory entity). There is no need to increase staff, or create additional burdensome monitoring regulation. There is no reporting process on the part of the claimant, or monitoring by the department. The "burden of proof" if an audit was to occur lies with the claimant to prove their oversight.

Treasury may tell you that the state cannot, at this time, afford to lose the revenue that they estimate this deduction would cost. I believe that the state must become more proactive in the prevention process, if it is not to face rising costs to Medicaid in dealing with the costs of institutionalized long term care. The longer we can keep individuals in their own home, and from becoming a liability to Medicaid, the more it will relieve the potential burden on state Medicaid funding.

The time to address this issue is NOW; with the anticipated increased in seniors as the baby boomer population ages, we must start putting systems into place in order to meet the medical and care needs of our seniors, in an individualistic fashion. Additionally this concept is in line with the findings of the Governor's Medicaid Task Force on long term care needs in Michigan.

Thank you for your time. I appreciate your support of this proactive bill that will provide an alternative for families and recognizes their value in our health care system.